



Info Brief

City of Wichita Negotiations with the Fraternal Order of Police

Background

- Wichita's economy continues to be in a state of recovery from the impact of 9/11 and the layoffs that resulted. The City of Wichita continues to work to provide the best services in the most fiscally responsible manner.
- Prior to 2002, the City's General Fund annual revenues were never less than the preceding year. But in 2002, the economic recession and the substantial loss of intergovernmental state aid (demand transfers) caused a 0.93% decline in revenue, even while expenditures were increasing 2.74%. 2003 followed with revenues that increased only 0.29 percent.
- As a result of the loss of demand transfers and the sluggish economy, the City implemented revenue increases amounting to approximately \$2.8 million in mid-2003 and reduced expenditures by \$4.4 million, but still finished the year with an operating deficit.
- Since 1993, the Police Department's expenditures from the City of Wichita's General Fund have increased by 88%. The overall expenditures from the General Fund for all other operations have increased by only 40%.
- During the period of 1997 to 2003, the rate of inflation was slightly above 16% while maximum salaries for the bargaining unit exceeded inflation and rose at a rate of approximately 27% for during the same period. This reflects, that when economic times were favorable for the City, F.O.P. bargaining unit members benefited substantially.
- Since 1992, wages for Police Detectives have gone up 66%. During that period the rate of inflation was calculated at 31.1%, indicating that Detectives have had real growth of around 35% over the last 11 years.
- The average salary for members of the F.O.P. bargaining unit in 2003 was approximately **\$42,000** or \$20.19 per hour while the average wage for all wage and salary employment in the Wichita area was **\$33,373** or \$16.04 for 2002 (from the Wichita Economic Outlook 2003 Review and 2004 Forecast report prepared by the Center for Economic Development at WSU). In 2003, the average salaries were:
 - Entry Level Police Officer: \$16.25 an hour
 - Entry Level Police Detective: \$17.85 an hour
 - Entry Level Police Sergeant: \$18.23 an hour
 - Top Wage Police Officer: \$22.96 an hour
 - Top Wage Police Detective: \$25.23 an hour
 - Top Wage Police Sergeant: \$25.76 an hour

The City's Commitment to Public Safety

The City has taken many actions to provide resources to the Police Department. Some of those actions include the following:

- Purchased 123 mobile computer terminals in the 1990s. The City has budgeted to replace these and add a total of 180 in 2005
- Purchased a new Police helicopter
- Added hundreds of thousands of dollars in equipment through block grant funding in the last five years
- Added 197 officers within the last 12 years
- Provided generous compensation contracts in the past, when the City's financial position was stronger.

The City of Wichita's Offer to the FOP

- City Management made an offer of a **2%** cost of living increase for 2004 with an **80/20%** health insurance contribution rate, which is a reasonable one year offer. Three other City bargaining units (unions representing Airport, Transit, and Service Employees) accepted this type of offer for 2004, all of which have substantially lower average salaries than the Police bargaining unit. The 2004 health insurance contribution rate offered by the City is 5% higher than the 75/25% contractual contribution rate contained in the 2001-2003 Contract with the FOP. This is a substantial contractual benefit being offered by the City in times of soaring increases in health care premiums as the City is offering to pay 80 % with the employee responsible for only the 20%.
- In addition to the 2% wage offer by the City for 2004, two thirds of the bargaining unit members will be eligible for merit step pay adjustments of an **additional 2.5%**, which will provide increases of slightly more than **4.5%** in 2004 for most of the bargaining unit members. The City also offered a 1% signing bonus, thereby increasing the total package to **5.5%**.
- The City also increased its contributions to the Wichita Police and Firefighters Retirement Plan to 14% of the salary, from the 12.9% that was contributed in 2003.
- During the fact finding, the FOP argued that the contract should include a 5% increase in the base salary, every year for three years, 2004, 2005 and 2006. This increase was in addition to the step increase most members of the union are eligible to receive. Consequently, the FOP's wage proposal amounted to 7.5% a year, for three years, for most members of the bargaining unit. The Fact Finder recommended a two-year agreement, which would provide a 3.25% increase in the base salary for 2004 and again in 2005. This increase in base salary, on top of the anticipated 2.5% step increases, results in a 5.75% increase each year for most members of the FOP bargaining unit.
- In addition to the wage increases, the FOP urged a number of other benefits be added to the contract. The Fact Finder accepted some, modified some and rejected some of those proposals.

- The following table shows the offers made by the City and the Union and the Fact Finder's recommendation:

<u>Entry Level</u>	<u>2003</u>	<u>2%</u> <u>2004</u> <u>City</u>	<u>5%</u> <u>2004</u> <u>FOP</u>	<u>3.25%</u> <u>2004 FF</u>	<u>2%</u> <u>2005</u> <u>City</u>	<u>5%</u> <u>2005</u> <u>FOP</u>	<u>3.25%</u> <u>2005 FF</u>
Police Officer	16.25	16.58	17.06	16.78	16.91	17.91	17.33
Police	17.85	18.21	18.75	18.43	18.57	19.69	19.03
Detective							
Police	18.23	18.6	19.14	18.83	18.97	20.10	19.44
Sergeant							
<u>Top Wage</u>							
Police Officer	22.96	23.42	24.71	24.18	23.89	25.95	24.97
Police	25.23	25.73	27.15	26.57	26.24	28.51	27.43
Detective							
Police	25.76	26.28	27.73	27.13	26.81	29.12	28.01
Sergeant							

- The Fact Finder's recommendation of would cost the City approximately **\$2,356,788** more than the resources budgeted for this bargaining unit in the 2004 and 2005 budget. The City does not believe it should reduce services, staff, or use fund balances to meet this type of excessive reoccurring financial obligation.
- The Fact Finder suggests that the City has adequate resources to fund the FOP request wage proposal (estimated by the Union to cost \$12 million over three years). He based his conclusion on the following points.
 - **Point 1:** The City transfers any "excess" money to other funds at year end, to show that the General Fund is breaking even.
 - **Actual:** This is untrue and there is no evidence to support this claim. Transfers are for specific purposes and are approved by the City Council. While some transfers may occur at year end, they are not done to ensure that the City General Fund "breaks even."
 - **Point 2:** The Special Revenue Funds have a combined balance of more than \$59 million, which the Fact Finder considered "substantial."
 - **Actual:** Special Revenue Funds are generally established to segregate funds, which must be maintained either due to State statutory requirements or other reasons. The year-end fund balances for these funds include the Landfill Post Closure Fund, sales tax pledge fund (earmarked by a 1986 referendum for CIP improvements), tax incrementing financing funds, the landfill fund (for the C&D landfill operations), alcohol tax fund, and the Office of Central Inspection fund. The report noted that the suggestion to use these funds "did not consider some limitations to access to (sic) certain funds."
 - **Point 3:** The Enterprise Funds operate at a substantial "profit."
 - **Actual:** The General Fund currently subsidizes Transit and Storm Water funds. The Golf Fund has been operating in a deficit for several years. The Airport generates a net margin but the Federal Aviation Administration strictly limits the use of Airport resources. The Water and Sewer funds have numerous bond covenants regarding margin levels. Therefore, whether or not these funds make a "profit," has no relevance

to the issue at hand. The Fact Finder noted that “restrictions clearly exist” that would preclude these transfers.

- Both prior to and following the fact finding, the City and the F.O.P made one-year settlement offers to each other. Prior to the issuance of the Fact Finder’s report, the only issue in dispute was whether binding arbitration of grievances should be a part of a one-year agreement. The City’s position was no and the Union position was yes. At the fact-finding hearing, the Union changed its final offer position and argued for a multi-year agreement and raised issues that had not previously presented to the City in any final offer. The City’s position at the fact-finding hearing was that the Fact Finder should **only** consider the issue of binding arbitration as this was the issue in dispute.
- The Fact Finder stated the costs to the City would greatly increase. In his report he said, **“However, it is also true that inclusion of an arbitration clause will result in much greater expense to the City and the Union than the current grievance procedure. Such a procedure will also result in a significant change in Management authority and control over the outcome of such cases and this represents no small concession.”**
- Other bargaining units have recognized the City’s current financial limitations. The Service Employees International Union, accepted a 2 percent wage increase; The Teamsters Union representing the Airport accepted a 2% increase; and the Teamsters Union representing Transit employees did not receive an increase but accepted an increase of \$10 each week to the Teamster Pension Plan.
- The City strongly opposes the concept of binding arbitration of grievances and agrees with the Fact Finder that inclusion of such a concept in a collective bargaining agreement would result in additional cost to the City, would be no small concession on management’s part, and would result in a significant change in management control and authority over grievance disputes.
- The City does not believe that conclusions in the fact-finding report should be adopted by the City Council, as it does not reflect the position taken by the parties in bargaining and it makes recommendations on wages and other issues that were not in dispute at the conclusion of the collective bargaining process. The City strongly believes that adoption of the fact-finding report might require layoffs, tax increases, or other cost cutting measures not contained in the 2004 or 2005 budget.
- The City is prepared to defend its position at a hearing that will be held by the City Council. This will be a hearing and the facts and evidence pertaining to the City’s case will be a matter of public record at that hearing. The City Council set the date of the hearing at its August 10 meeting for August 31 at 9:30 a.m., in the City Council Chambers.

Frequently Asked Questions

- **What positions are covered in the FOP bargaining unit?** Police Officers, Detectives, Sergeants, Station Clerks, Traffic Safety Officers, Warrant Officers, Crime Scene Investigators and Recruits.
- **How much does a police officer make?** The average annual salary for a Police Officer is \$39,440.78 or \$18.96 an hour. The average annual salary for a Police Detective is \$49, 339.13 or \$23.72 an hour.

- **Will there be any layoffs?** It is the City's hope to settle this contract in a manner that does not call for the layoffs of any commissioned officers. In a survey of other cities, most cities had not had to lay off officers within the past five years. However, Cleveland, Ohio, laid off 252 commissioned officers in 2003 due to budget cuts and Saginaw, Mich., lost a third of their force. Many cities across the nation are looking at cutting the numbers of officers on their force or eliminating programs, such as community policing, to make up for cuts within their budgets. These are not options that the City of Wichita wants to enact.
- **Will the police officers strike?** No. Kansas statute prohibits a strike.
- **What is a Fact Finder?** A Fact Finder is a person who presides over a hearing, for the purpose of making findings of fact and recommendations about how to resolve a dispute. In this case, the Fact Finder was appointed by the Kansas Public Employee Relations Board after the negotiations reached an impasse.
- **What happens next?** By law, the City Council, or a duly authorized committee of the Council, is to conduct a hearing in which the parties are to explain their positions. The City Council set the date of the hearing at its August 10 meeting. Written recommendations for settling the dispute may be presented by both sides. Following the hearing, the City Council must take such action as it deems to be in the public interest, including the interest of the public employees involved. (Kansas Statute 75-4332).

The hearing will be Tuesday, August 31, 9:30 a.m. in the City Council Chambers.